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MEMORANDUM

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TO: Docket Control Center

FROM: Ernest G. Johnson
for Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: February 10, 2006

RE: LITCHFIELD PARK SERVICE COMPANY - APPLICATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
(DOCKET NO. SW-01428A-05-0022)

Attached is the Staff Report for the above referenced application. Staff recommends approval with requirements for certain compliance.

EGJ:LAJ:lm

Originator: Linda A. Jaress

Service List for: Litchfield Park Service Company
Docket No. SW-01428A-05-0022

Mr. Richard L. Sallquist
Sallquist, Drummond & O'Connor, P.C.
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Phoenix, Arizona 85007

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Director, Utilities Division
Arizona Corporation Commission
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Chief, Hearing Division
Arizona Corporation Commission
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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

LITCHFIELD PARK SERVICE COMPANY

DOCKET NO. SW-01428A-05-0022

APPLICATION FOR AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE AND NECESSITY

FEBRUARY 2006

EXECUTIVE SUMMARY

Litchfield Park Service Company filed an application to extend its CC&N to provide utility wastewater service to an area the size of approximately three and one-half sections of land in the vicinity of Camelback Road and Perryville Road in the West Valley in Maricopa County. At build out, Approximately 10,000 units are planned for development in the proposed extension area. Approximately 3,000 homes will be developed initially.

LPSCO is planning the addition of a lift station, an expansion of the wastewater treatment plant from 4.1 to 8.2 million gallons per day capacity, and construction of a \$4.9 million, six-mile interconnection line to interconnect the proposed service territory with the treatment plant. The lift station, the interconnection line and the new wastewater treatment plant will be financed through a Master Utility Agreement ("MUA") whereby the developers in the extension area purchase "Development Shares" in the parent of LPSCO, Algonquin Water Resources of America Inc. ("Algonquin"). Algonquin would then invest the funds from the Development Shares into LPSCO as paid-in capital.

The return on equity and rate of return on rate base adopted in a settlement agreement and by Decision No. 65436 in LPSCO's last rate case were 9.5 percent and 8.5 percent, respectively. The most recent annual report filed by LPSCO at the Commission indicates an earned return on equity of 11.51 percent and an estimated return on rate base of 11.47.

Staff concludes that LPSCO is a fit and proper entity to provide service in the proposed extension area and that it is in the public interest for the Commission to approve this application and adopt certain requirements of the Company.

Staff recommends that the Commission require LPSCO to file the following as compliance items in this docket and by the recommended date:

1. A copy of the Franchise for the proposed service territory within 365 days of the date of the decision in this case.
2. The Master Utility Agreement as amended to reflect the smaller requested area within 365 days of the date of the decision in this case.
3. Copies of the required Aquifer Protection Permit and Section 208 Plan amendments within 365 days of the date of the decision in this case.
4. By December 31, 2006, file a rate case using a test year ending June 30, 2006.
5. File a plan to increase the Company's consolidated equity to 40 percent of the total capital.

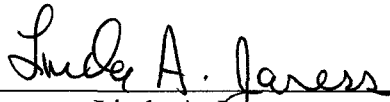
Staff also recommends that the Commission determine, and LPSCO agrees, that all net Additional Paid-in-Capital paid by Algonquin to LPSCO related to the MUA should be treated as if it were Advances in Aid of Construction for ratemaking purposes.

Staff further recommends that the Company be ordered to charge its existing rates and charges to customers in the extension area until such time as the Commission changes those rates.

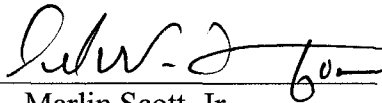
Finally, Staff recommends that the Company be prohibited from distributing more than 25 percent of each year's earnings if and when equity falls below 30 percent of total capital.

STAFF ACKNOWLEDGEMENT

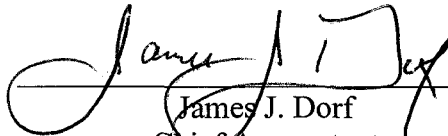
The Staff Report for Litchfield Park Service Company, Docket No. SW-01428A-05-0022, was prepared by the Staff members listed below. Linda Jaress performed the review and analysis of the Company's application, Marlin Scott, Jr. performed the engineering analysis and Jim Dorf performed the financial analysis.



Linda A. Jaress
Executive Consultant III



Marlin Scott, Jr.
Utilities Engineer



James J. Dorf
Chief Accountant

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Introduction

On January 12, 2005, Litchfield Park Service Company ("LPSCO" or "the Company") filed an application for approval of an extension of its Certificate of Convenience and Necessity to provide wastewater service to portions of Maricopa. On September 2, 2005, the Company amended its application to exclude certain parcels from the application. The proposed extension covers an area the size of approximately three and one-half sections of land in the vicinity of Camelback Road and Perryville Road in the West Valley. At build out, Approximately 10,000 units are planned for development in the proposed extension area. Approximately 3,000 homes will be developed initially. See Exhibit 1 for a map and legal description of the extension area.

LPSCO's application included the requests for service from developers in the proposed service area. There are currently no delinquent compliance items for Litchfield Park Service Company with the Utilities Division's Compliance Section and no unresolved complaints with the Consumer Services Section.

The Wastewater System

According to the Arizona Department of Environmental Quality ("ADEQ") and the Maricopa County Environmental Services Department, LPSCO's wastewater treatment facilities are in compliance with ADEQ regulations. The Company's wastewater system is comprised of a 4.1 million gallon per day ("MGD") activated sludge wastewater treatment plant, three lift stations and 255.8 miles of collection mains. LPSCO is planning the addition of a lift station, an expansion of the wastewater treatment plant from 4.1 to 8.2 million gallons per day capacity, and construction of a \$4.9 million, six-mile interconnection line to interconnect the proposed service territory with the treatment plant. For further description and analysis, see the Staff Engineer's Report attached as Exhibit 2.

Financing and Capital Structure

The lift station, the interconnection line and the new wastewater treatment plant will be financed through a Master Utility Agreement ("MUA") whereby the developers in the extension area purchase "Development Shares" in the parent of LPSCO, Algonquin Water Resources of America Inc. ("Algonquin"). Algonquin would then invest the funds from the Development Shares into LPSCO as paid-in capital. Attached, as Exhibit 3, is Staff's Finance and Regulatory Analysis Report which further describes these transactions.

The Report also points out that due to high growth, LPSCO's net income and LPSCO's low equity ratio, LPSCO may be over-earning. The return on equity and rate of return on rate base adopted in a settlement agreement and by Decision No. 65436 in LPSCO's last rate case were 9.5 percent and 8.5 percent, respectively. The most recent annual report filed by LPSCO at the Commission indicates an earned return on equity of 11.51 percent and an estimated return on rate base of 11.47. The possibility of over-earning along with the possible cost savings achieved through the 2003 acquisition of LPSCO by Algonquin, leads Staff to recommend that the

Commission order LPSCO to file a rate case. In addition, Staff believes that LPSCO's equity ratio should be improved by retaining at least 25 percent of its earnings when its capital structure reflects less than 30 percent equity.

Conclusions and Recommendations

Staff concludes that the existing 4.1 MGD WWTP capacity, along with the planned capacity expansion to 8.2 MGD, is sufficient to serve the existing and proposed CC&N extension areas. Staff also concludes that the proposed plant facilities and their cost estimates totaling \$5,492,980 are reasonable. However, no "used and useful" determinations of the proposed plant items were made and no particular treatment should be inferred for rate making or rate base purposes.

Staff also concludes that the funds advanced by the developers as Development Shares ultimately will be used by LPSCO as a cost free form of capital to fund construction. Staff also concludes that both the water and wastewater divisions of LPSCO are capitalized with fairly high levels of Advances in Aid of Construction and Contributions in Aid of Construction and that over-reliance on such cost-free capital can produce risky a capital structure and result in a utility with little or no investment upon which to earn a return and sustain its growth and viability.

Finally, Staff concludes that LPSCO is a fit and proper entity to provide service in the proposed extension area and that it is in the public interest for the Commission to approve this application and adopt certain requirements of the Company.

Staff recommends that the Commission require LPSCO to file the following as compliance items in this docket and by the recommended date:

1. A copy of the Franchise for the proposed service territory within 365 days of the date of the decision in this case.
2. The Master Utility Agreement as amended to reflect the smaller requested area within 365 days of the date of the decision in this case.
3. Copies of the required APP and Section 208 Plan amendments within 365 days of the date of the decision in this case.
4. By December 31, 2006, file a rate case using a test year ending June 30, 2006.
5. File a plan to increase the Company's consolidated equity to 40 percent of the total capital.

Staff also recommends that the Commission determine, and LSPCO agrees, that all net Additional Paid-in-Capital paid by Algonquin to LPSCO related to the MUA should be treated as if it were AIAC for ratemaking purposes.

Staff further recommends that the Company be ordered to charge its existing rates and charges to customers in the extension area until such time as the Commission changes those rates.

Finally, Staff recommends that the Company be prohibited from distributing more than 25 percent of each year's earnings if and when equity falls below 30 percent of total capital.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells *BW*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: September 13, 2005

RE: **LITCHFIELD PARK SERVICE COMPANY (DOCKET NO. SW-01428A-05-0022)**
AMENDED LEGAL DESCRIPTION

The area requested by Litchfield Park for an extension has been plotted with no complications using an amended legal description, which has been docketed. The original amendment was filed on September 2, 2005, but inadvertently omitted the description for referenced Parcel A. The description for Parcel A was filed on September 9, 2005. The legal description attached includes both of these descriptions and should be used in place of the original description submitted with the application.

Also attached are copies of the maps for your files.

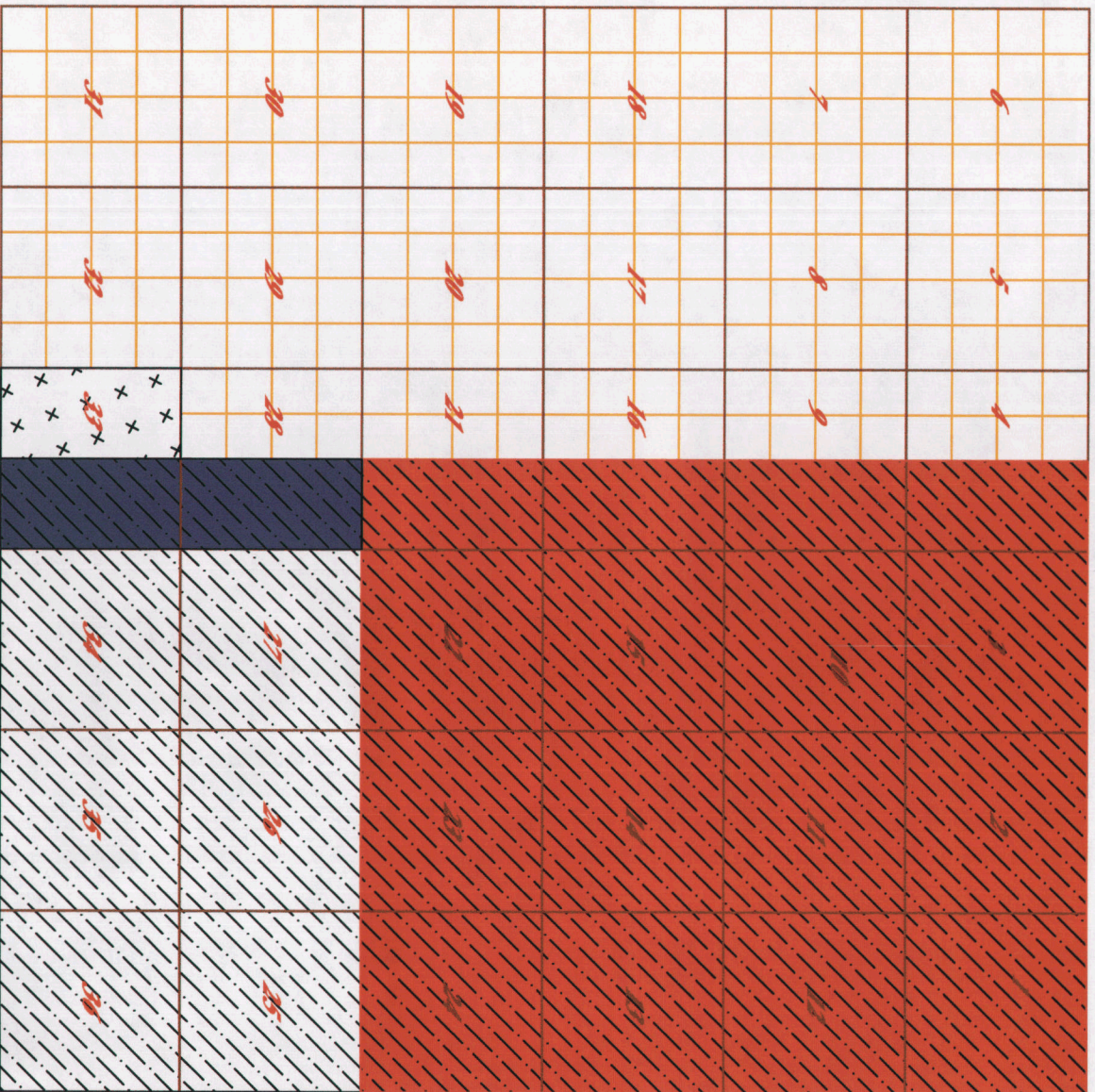
:bsw

Attachments

cc: Docket Control
Mr. Richard Sallquist
Ms. Deb Person (Hand Carried)
File

COUNTY : *Maricopa*

RANGE 2 West



TOWNSHIP 3 North



WS-1303 (14)

Arizona-American Water Company (Agua Fria)



W-2451 (5)

Water Utility of Greater Buckeye, Inc.



Sewer

(4)

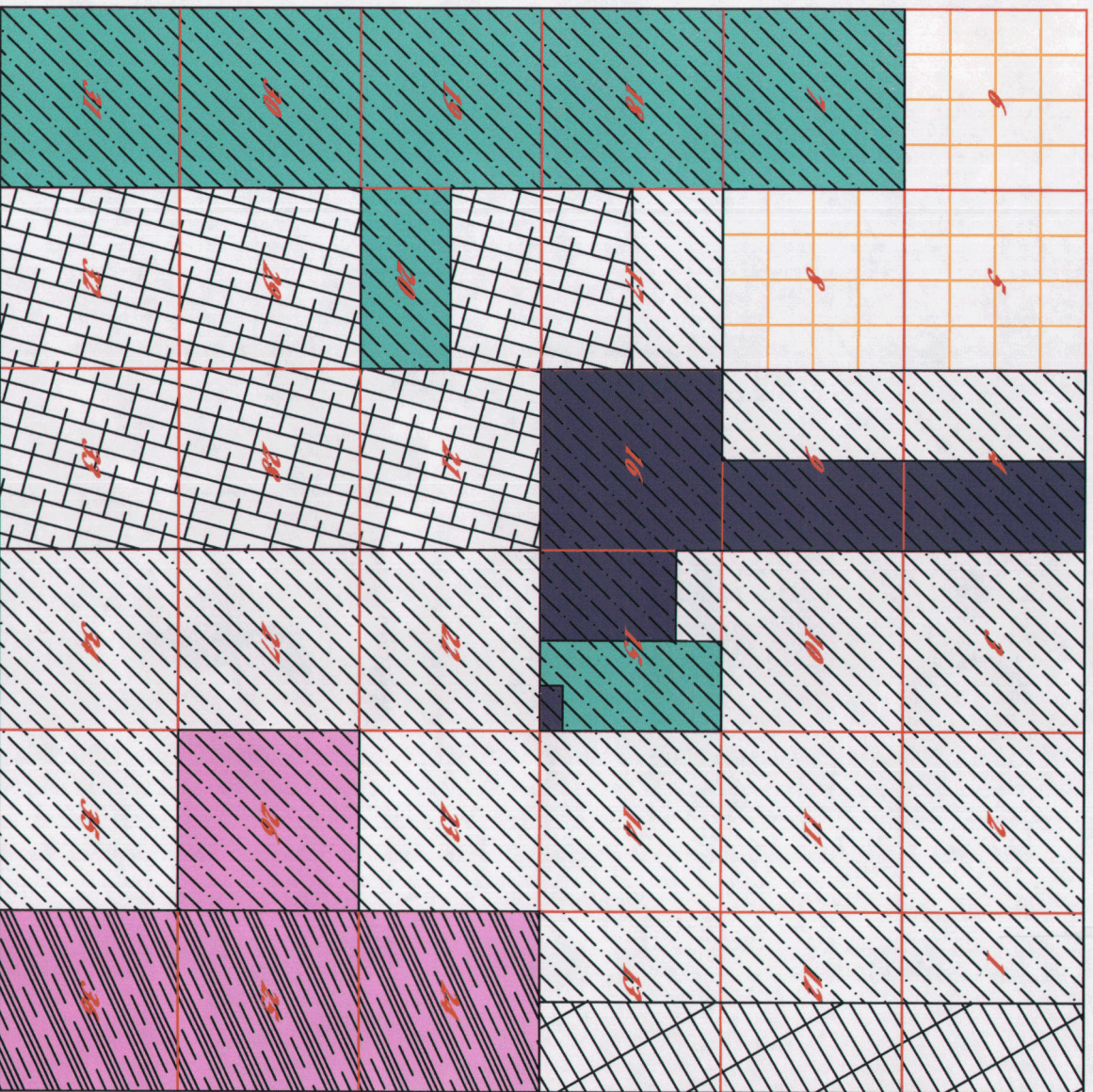
City of Surprise (Nonjurisdictional)



Litchfield Park Service Company
Docket No. SW-01428A-05-0022
Application for Extension for Sewer

COUNTY: Maricopa

RANGE 2 West



TOWNSHIP 2 North



W-1997 (2)

Adamant Mutual Water Company



WS-1303 (14)

Arizona-American Water Company (Agua Fria)

Sewer



W-1445 (3)

Arizona Water Company (White Tanks)



W-1427 (4)

Litchfield Park Service Company



SW-1428 (4)

Litchfield Park Service Company



Litchfield Park Service Company
Docket No. SW-01428A-05-0022

Application for Extension for Sewer

LEGAL DESCRIPTION

- All of Section 16; and
- The East one-half of Section 4; and
- The East one-half of Section 9; and
- All of Section 15, except the North one-half of the Northwest one-quarter and except Parcel A attached hereto,
all in Township 2 North, Range 2 West, G&SRB&M, Maricopa County, Arizona.

AND

- The East one-half of Section 28; and
- The East one-half of Section 33,
all in Township 3 North, Range 2 West, G&SRB&M, Maricopa County, Arizona

A portion of the East half of Section 15, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, in Maricopa County, Arizona described as follows:

Beginning at the Northeast Corner of said Section 15, being the True Point of Beginning, thence South $00^{\circ}05'58''$ West a distance of 2641.35 feet to the East Quarter Corner of said Section 15. Continuing South $00^{\circ}06'14''$ West a distance of 1981.15 feet; thence South $89^{\circ}58'17''$ West a distance of 1316.21'; thence South $00^{\circ}08'04''$ West a distance of 660.11 feet; thence South $89^{\circ}59'00''$ West a distance of 1316.55' to the South Quarter Corner of said Section 15. Thence leaving the South Quarter Corner of said Section 15 North $00^{\circ}09'53''$ East a distance of 2639.38 feet to the Center Quarter Corner of said Section 15. Continuing North $00^{\circ}09'57''$ East a distance of 2639.42 feet to the North Quarter Corner of said Section 15. Leaving the North Quarter Corner of said Section 15 heading North $89^{\circ}53'38''$ East a distance of 2627.29 feet returning to the Northeast Corner of said Section 15 and the True Point of Beginning.


Above described parcel contains 298.91 acres more or less.

PARCEL A

MEMORANDUM

DATE: December 20, 2005

TO: Linda Jaress
Executive Consultant III

FROM: Marlin Scott, Jr. 
Utilities Engineer

RE: Litchfield Park Service Company – Wastewater Division
Docket No. SW-01428A-05-0022 (CC&N Extension)

Introduction

Litchfield Park Service Company – Wastewater Division (“LPSCo”) has applied to extend its Certificate of Convenience and Necessity (“CC&N”) for its wastewater system. The requested areas will add approximately 3.4 square-miles to LPSCo’s existing 20.0 square-miles of certificated area. LPSCo serves the City of Litchfield Park, City of Goodyear and the surrounding area in the West Valley, Maricopa County.

Capacity

Existing Utility Plant

According to LPSCo’s 2004 Annual Report, LPSCo has a 4.1 million gallon per day (“MGD”) activated sludge wastewater treatment plant (“WWTP”), three lift stations and 255.8 miles of force/collection mains serving 11,817 service laterals. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 19,000 laterals at the end of five years. LPSCo has predicted an additional 4,700 laterals for the proposed CC&N extensions at the end of five years, resulting in a projected total customer base of approximately 23,700 laterals at the end of five years. Based on the existing WWTP capacity, the system can serve approximately 12,550 service laterals.

Proposed Plant Facilities

LPSCo is proposing to extend its wastewater system into the requested areas by extension of its collection system using advances in aid of construction. The proposed plant facilities and their associated costs are:

- | | | |
|----|----------------------------|-------------|
| 1. | Off-Site Plant Facilities: | |
| a. | The Interconnection Line | \$4,903,300 |
| b. | Sarival Lift Station | \$ 589,680 |
| | | ----- |
| | | \$5,492,980 |

LPSCo is proposing to fund these Off-Site Plant Facilities by using a "Developer Cost Allocation" as submitted in a Master Utility Agreement.

2. On-Site Plant Facilities – LPSCo will be using line extension agreements to fund these On-Site Plant Facilities once negotiations are completed.

Conceptual Plan

United Engineering Group prepared a study, dated July 14, 2004, entitled "White Tank Mountain Regional Sewer Solution – Conceptual Plan" for LPSCo. This study addressed the technical and engineering aspects of the proposed developments for regional planning purposes.

LPSCo's proposed wastewater system falls within three designated 208 regional planning areas. LPSCo will be seeking approval to amend the three 208 plans, permitting LPSCo to serve the proposed extension areas. LPSCo is also currently preparing an Aquifer Protection Permit ("APP") amendment for the expansion of its WWTP from 4.1 to 8.2 MGD.

Conclusion

Staff concludes that the existing 4.1 MGD WWTP capacity, along with the planned capacity expansion to 8.2 MGD, is sufficient to serve the existing and proposed CC&N extension areas.

Staff concludes that the proposed plant facilities and their cost estimates totaling \$5,492,980 are reasonable. However, no "used and useful" determinations of the proposed plant items were made and no particular treatment should be inferred for rate making or rate base purposes.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

ADEQ and Maricopa County Environmental Services Department ("MCESD") regulate the wastewater system under Inventory #100310 and have indicated the facility is in compliance with ADEQ regulations.

Certificate of Approval to Construct

The MCESD Certificate of Approval to Construct ("ATC") for facilities needed to serve the requested areas have not been submitted by LPSCo. Staff recommends that LPSCo be required to file with Docket Control, as a compliance item in this docket, a copy of the ATC for facilities needed to service each of the parcels within the requested areas within one year of the effective date of an order in this proceeding.

Aquifer Protection Permit and Section 208 Plan Amendment

LPSCo was issued a signed APP, dated October 11, 2001, for its 4.1 MGD WWTP and is in the process of preparing an amendment for expansion of its WWTP from 4.1 to 8.2 MGD. Since an APP and the Section 208 Plan amendments represent fundamental authority for the designation of a wastewater service area and a wastewater provider, Staff recommends that LPSCo file with Docket Control, as compliance items in this docket, copies of the APP and Section 208 Plan amendments within one year after a decision is issued in this proceeding.

Arizona Corporation Commission Compliance

A check with the Utilities Division Compliance Section showed no outstanding compliance issues for LPSCo.

Summary

Conclusions

- A. Staff concludes that the existing 4.1 MGD WWTP capacity, along with the planned capacity expansion to 8.2 MGD, is sufficient to serve the existing and proposed CC&N extension areas.
- B. Staff concludes that the proposed plant facilities and their cost estimates totaling \$5,492,980 are reasonable. However, no "used and useful" determinations of the proposed plant items were made and no particular treatment should be inferred for rate making or rate base purposes.
- C. ADEQ and MCESD regulate the wastewater system under Inventory #100310 and have indicated the facility is in compliance with ADEQ regulations.
- D. A check with the Utilities Division Compliance Section showed no outstanding compliance issues for LPSCo.


Recommendations

1. Staff recommends that LPSCo be required to file with Docket Control, as a compliance item in this docket, a copy of the ATC for facilities needed to service each of the parcels within the requested areas within one year of the effective date of an order in this proceeding.
2. Staff recommends that LPSCo file with Docket Control, as compliance items in this docket, copies of the required APP and Section 208 Plan amendments within one year after a decision is issued in this proceeding.

MEMORANDUM

DATE: February 9, 2006

TO: Linda Jaress
Executive Consultant III

FROM: James J. Dorf 
Chief Accountant

RE: Litchfield Park Service Company – Wastewater Division
Docket No. SW-01428A-05-0022 (CC&N Extension)

Introduction

Litchfield Park Service Company – Wastewater Division (“LPSCo” or “Company”) has applied to extend its Certificate of Convenience and Necessity (“CC&N”) for its wastewater system. The requested areas will add approximately 3.4 square-miles to LPSCo’s existing 20.0 square-miles of certificated area. LPSCo serves the City of Litchfield Park, City of Goodyear and the surrounding area in the West Valley, Maricopa County. LPSCo is proposing to use its existing rate and charges for the new CC&N.

Financial Overview

The Company’s current rates were set in December 2002 in Decision No. 65436. The settlement agreement in that Decision adopted a cost of equity of 9.5 percent and an overall rate of return on 8.5 percent. At the time of that case, LPSCo served 5,541 water and 5,012 wastewater customers. By December 31, 2004, the number of customers had nearly doubled to 11,902 and 11,817, respectively.

In its application, the Company provided financial information for the year ended December 31, 2003. In addition to that information, Staff utilized the Company’s Annual Report for 2004 as filed with the Arizona Corporation Commission (“Commission”).

The Company’s consolidated (water and wastewater) net income was \$1.8 million for 2003 and \$2.1 million for 2004. The average return on equity for those same periods was 10.67 percent and 11.51 percent, respectively. See Schedule JJD-3. Staff also calculated a reasonable estimate of the consolidated return on rate base for the year 2004 of 11.47 percent.

The Company's capital structure is summarized on Schedule JJD-2 and indicates that, as of December 31, 2004, Common Equity was 33.9 percent of total capital, including refundable Advances in Aid of Construction ("AIAC"). If non-refundable Contributions in Aid of Construction ("CIAC") are added to the capital structure, the common equity percentage falls to 28.0 percent. Contributing to the imbalanced state of LPSCo's capital structure is its high dividend payout ratio which does not allow for the accumulation of equity.

The water and wastewater divisions are both capitalized with fairly high levels of AIAC and CIAC. Over-reliance on AIAC can produce risky a capital structure and result in a utility with little or no investment upon which to earn a return and sustain its growth and viability.

Based upon the estimated 2004 return on equity and the approximate return on rate base achieved, it is possible that the Company is exceeding its allowed rate of return. Given that the 2005 annual report is not yet available to determine the Company's more recent financial results, Staff concludes that LPSCo should be ordered to file a rate case by December 31, 2006 using a test year ending June 30, 2006. LPSCo recent acquisition by Algonquin Water Resources of America Inc. ("Algonquin") on February 5, 2003, also supports the appropriateness of filing a rate case.

Staff is concerned about the long term capital structure of the Company and will recommend the Company be prohibited from distributing more than 25 percent of each year's earnings if and when equity falls below 30 percent of total capital.

Proposed Developer Contributions

As indicated in the Master Utility Agreement ("MUA") three developers will subscribe for certain non-voting Class B Common Stock, \$1 par value ("Development Shares"), of Algonquin Water Resources of America Inc. Algonquin will then invest all proceeds in LPSCo as Additional Paid-In-Capital. See a diagram of the transaction at Schedule JJD-1. The funds (an estimated \$5,492,980) will be used for the construction of a treatment plant, transmission mains and a lift station. See related Staff Engineering Report for further details.

Other provisions of the MUA related to the Class B Stock issued by Algonquin are as follows:

- Annual Dividends – Algonquin will pay, once each year on March 31 "an amount equal to the pro-rata of the Development Shares subscriptions received by the Parent (Algonquin) from other developers associated with the cost of the excess capacity in the Interconnect Line, as that pro rata share is set forth on

Attachment E"¹. Thus, amounts received from other developers will be refunded to the current developers (up to the non-refundable amount).

- Development Shares Repurchase – Once the dividends have repaid the subscription, Algonquin may repurchase the Development Shares at 1/10 of one cent (\$0.001) per share.
- Restrictions – The shares cannot be sold, transferred, etc., without the written approval of Algonquin.

Staff Analysis

Although the complex form of the Development Shares (Class B Stock) purchase may look like a stock transaction (see Schedule JJD-1), the substance of the proposed transaction is, in essence, that of an advance in aid of construction. The funds advanced by the developers ultimately are used by LPSCo as a cost free form of capital to fund construction.

Staff generally agrees with the concept of developers funding a certain portion of speculative development with AIAC or similar transactions. However, the substance of the transaction must be recognized for rate making purposes for the protection of the parties. In this instance, the receipt of the additional paid in capital by LPSCo should be recognized as AIAC for ratemaking purposes and not as a component of LPSCo's capital structure.

Staff Recommendations

Staff recommends that LPSCo must agree to treat all net Additional Paid-in-Capital paid by Algonquin to LPSCo related to the MUA as if it were AIAC.

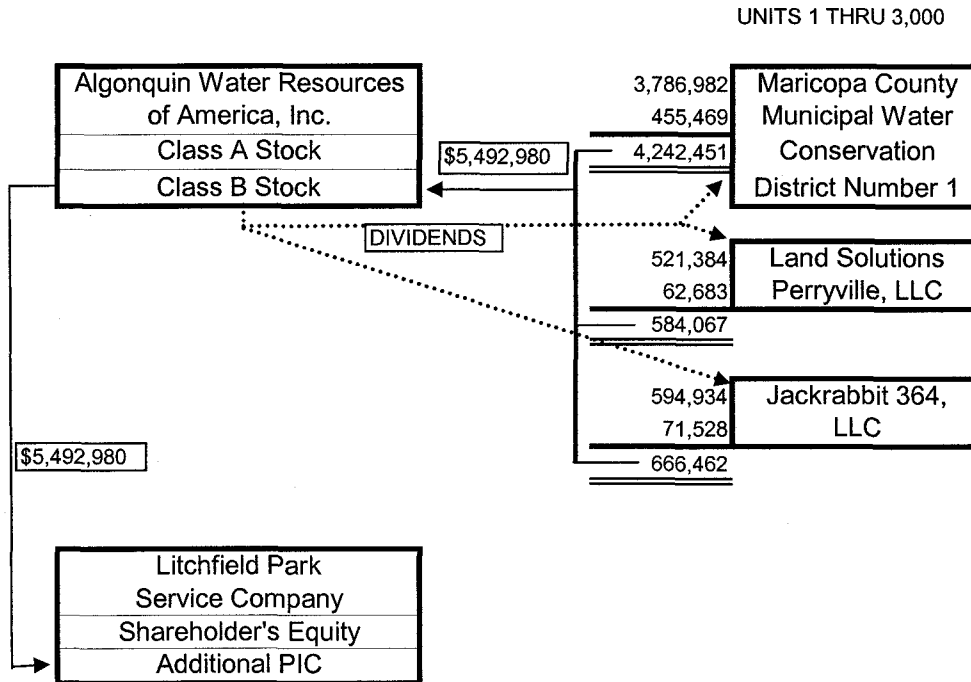
Staff further recommends that by December 31, 2006, LPSCo file a rate case using a test year ending June 30, 2006.

Staff further recommends that the Company charge its existing rates and charges as summarized in Attachment A.

Staff further recommends that the Company be prohibited from distributing more than 25 percent of each year's consolidated earnings if and when its consolidated equity falls below 30 percent of total capital.

¹ MUA at page 6.

TRANSACTION SUMMARY



Selected Financial Data

[A] Company Annual Report
[B] Company Annual Report
[C] Includes Contributions in Aid of Construction
[D] Includes Additional Paid in Capital

	<u>2004</u>	<u>2003</u>
WATER		
Revenues	5,087,196	4,131,794
Operating Expenses	(3,804,219)	(2,835,281)
Operating Income	<u>1,282,977</u>	<u>1,296,513</u>
SEWER		
Operating Revenue	4,833,236	4,050,298
Operating Expenses	(3,123,486)	(2,654,516)
Operating Income	<u>1,709,750</u>	<u>1,395,782</u>
Consolidated Operating Income	<u>2,992,727</u>	<u>2,692,295</u>
Non-oper. Income (Expense)		
Interest Income (expense)	150,090	38,144
Interest Expense	(1,042,392)	(894,664)
Total Non-Oper Inc.	<u>(892,302)</u>	<u>(856,520)</u>
Net Income	<u>2,100,425</u>	<u>1,835,775</u>
Return on Average Equity		
Beginning Equity	17,088,590	17,324,401
Ending Equity	19,412,068	17,088,589
Average	18,250,329	17,206,495
Consolidated ROE	11.51%	10.67%
Estimated Rate Base		
	<u>Total</u>	
Net Plant	60,760,688	
Customer Deposits	(2,045,395)	
AIAC	(20,507,510)	
CIAC*	(12,116,978)	
Approximate RATE BASE	<u>26,090,805</u>	
Operating Income/Rate Base	<u>11.47%</u>	
Cash & Short-term Investments	<u>1,841,557</u>	

* Net of Amortization

ATTACHMENT A

NOTES ON CURRENT AND COMPANY PROPOSED RATES:

Cost – All meters over 2-inch shall be installed at cost.

* Per Commission Rules (R14-2-403.B)

** Months off system times minimum (R14-2-403.D)

*** Per Commission Rules (R14-2-403.D)

RATE DESIGN
WASTEWATER DIVISION

	<u>Current Rates</u>	<u>Company Proposed</u>	<u>Settlement Rates</u>
<u>MONTHLY USAGE CHARGE:</u>			
Monthly Residential Service	\$23.20	\$32.55	\$27.20
Multi-Unit Housing – Monthly Per Unit	21.70	25.00	25.25
Commercial:			
Small Commercial – Monthly Service	\$38.30	\$60.00	\$46.00
Measured Service:			
Regular Domestic:			
Monthly Service Charge	\$17.50	\$25.75	\$25.75
Rate Per 1,000 Gallons of Water	1.80	2.75	2.25
Restaurant, Motels, Grocery Stores & Dry Cleaning Establishments: (1)			
Monthly Service Charge	\$17.50	\$25.75	\$25.75
Rate Per 1,000 Gallons of Water	2.00	3.25	3.00
Wigwam Resort:			
Monthly Rate – Per Room	\$21.70	\$25.00	\$25.25
Main Hotel Facilities – Per Month	625.00	1,000.00	1,000.00
Schools – Monthly Service Rates:			
Elementary Schools	\$550.00	\$725.00	\$680.00
Middle Schools	550.00	1,000.00	800.00
High Schools	550.00	1,000.00	800.00
Community College	550.00	1,600.00	1,240.00
Effluent (2)	\$52.50	\$52.50	Market Rate

NOTES:

(1) Motels without restaurants charged multi-unit MONTHLY rate of \$25.25 per room.

(2) Maximum effluent rate shall not exceed \$430 per acre-foot based on a potable water rate of \$1.32 per thousand gallons.

65436